

Message Text

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ORIGIN SCS-05

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DRAFTED BY SCA:SCS:RDBELT:JFM/EB/IFD/OMA:TAFORBORD
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SCA

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P 200504Z MAY 77
FM SECSTATE WASHDC
TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

UNCLAS STATE 115543

INFORM CONSULS

E.O. 11652: N/A

TAGS: CFED, EFIN, US

SUBJECT: CHANGE IN U.S. TAX LAW AFFECTING U.S. CITIZENS
WORKING OVERSEAS.

1. THE TAX REFORM ACT OF 1976 MADE MAJOR CHANGES
IN SECTION 911 OF THE INTERNAL REVENUE CODE. THIS SECTION
REGULATES THE TAXATION OF THE FOREIGN SOURCE EARNED INCOME
OF NON-GOVERNMENT U.S. TAXPAYERS RESIDENT OVERSEAS. THE
CHANGES REDUCED THE AMOUNT OF FOREIGN EARNED INCOME WHICH
COULD BE EXCLUDED FROM TAXATION AND CHANGED THE RULES FOR
CALCULATING THE TAX DUE ON NON-EXCLUDED INCOME. THESE
CHANGES WERE MADE EFFECTIVE FROM JANUARY 1, 1976.

2. ON MAY 17, 1977, PRESIDENT CARTER SIGNED INTO LAW THE
1977 TAX REFORM BILL WHICH DELAYS THE IMPLEMENTATION OF
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THESE CHANGES UNTIL JANUARY 1, 1977 AND RESTORES THE 20,000
DOLLARS AND 25,000 DOLLARS FOREIGN EARNED INCOME EXEMPTION
FOR THE 1976 TAX YEAR. TWO GROUPS OF U.S. TAXPAYERS RESID-
ING ABROAD ARE PRIMARILY EFFECTED.

3. TAXPAYERS WHO HAVE ALREADY FILED THEIR 1976 RETURN
USING THE REDUCED 15,000 DOLLARS EXCLUSION ARE ELIGIBLE

TO SUBMIT CLAIMS FOR TAX REFUNDS. THE FORMS TO USE FOR THIS ARE FORM 1040X, FORM 2555 (REVISED OCTOBER 1975)

AND PRINTED ON GREEN PAPER. THOSE TAXPAYERS WHO ALSO CLAIMED FOREIGN TAX CREDITS ON THEIR RETURN SHOULD, IN ADDITION, USE FORM 1116 (REVISED OCTOBER 1975).

4. TAXPAYERS WHO HAVE NOT YET FILED THEIR 1976 TAX RETURNS SHOULD USE FORM 1040 AND THE FORMS 2555 AND 1116 MENTIONED IN PARA 3. IRS REPORTS THAT DESPITE DIFFICULTIES CAUSED BY DELAYED PASSAGE OF THE 1977 TAX ACT AND THE POSSIBLE LACK OF CORRECT FORM, THE TAXPAYER IS RESPONSIBLE FOR FILING THE 1976 RETURN BY JUNE 15.

5. FORM 2555 (REVISED NOVEMBER 1976) AND PRINTED ON WHITE PAPER SHOULD NOT BE USED. NOR CAN THESE FORMS BE MADE ACCEPTABLE WITH PEN AND INK CHANGES. IF SUFFICIENT COPIES OF THE 1975 REVISIONS ARE NOT AVAILABLE, POSTS ARE AUTHORIZED TO REPRODUCE LOCALLY COPIES OF THE FORMS MENTIONED IN PARA 3 FOR USE OF TAXPAYERS. CONSTITUENT POSTS SHOULD CONTACT THEIR RESPECTIVE EMBASSIES RE AVAILABILITY OF FORMS. IRS IS SENDING 3 COPIES OF THESE FORMS TO ITS 14 REGIONAL OFFICES ABROAD. IN ADDITION THE DEPARTMENT PLANS TO POUCH 1 COPY OF FORMS 2555 AND 1116 TO EACH POST. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
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Handling Restrictions: n/a
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Review Exemptions: n/a
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Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/18ad468d-c288-dd11-92da-001cc4696bcc
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